

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Westfield Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: January 21, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on November 1 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25% and reflects a revision of the mortality assumption.

Although we are approving the schedule, we would have preferred the Board adopt a schedule that completes the amortization of the unfunded actuarial liability (UAL) by FY35. With this schedule, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions or plan provisions that increase the plan's liability. We are available to discuss this issue further and will work with you on this in the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Enc.



**Westfield Retirement System  
January 1, 2019 Actuarial Valuation**

Total Cost Increasing 5.8% to FY35 with Final Amortization Payment in FY36

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERIP</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Total Cost % Increase</u>
2020	4,338,669	130,000	5,808,945	786,517	11,064,131	100,768,978	
2021	4,533,909	130,000	6,220,031	821,910	11,705,851	101,162,303	5.80%
2022	4,737,935	130,000	6,657,959	858,896	12,384,790	101,116,207	5.80%
2023	4,951,142	130,000	7,124,419	897,546	13,103,108	100,569,033	5.80%
2024	5,173,944	130,000	7,621,208	937,936	13,863,088	99,452,803	5.80%
2025	5,406,771	130,000	8,150,233	980,143	14,667,147	97,692,653	5.80%
2026	5,650,076	130,000	8,713,516	1,024,250	15,517,842	95,206,207	5.80%
2027	5,904,330	130,000	9,313,206	1,070,341	16,417,876	91,902,914	5.80%
2028	6,170,024	130,000	9,951,583	1,118,506	17,370,113	87,683,317	5.80%
2029	6,447,675	130,000	11,799,904		18,377,580	82,438,262	5.80%
2030	6,737,821	130,000	12,575,659		19,443,479	76,048,053	5.80%
2031	7,041,023	130,000	13,400,179		20,571,201	68,381,517	5.80%
2032	7,357,869	130,000	14,276,462		21,764,331	59,295,013	5.80%
2033	7,688,973	130,000	15,207,689		23,026,662	48,631,342	5.80%
2034	8,034,977	130,000	16,197,232		24,362,209	36,218,575	5.80%
2035	8,396,551	130,000	17,248,666		25,775,217	21,868,784	5.80%
2036	8,774,395	130,000	5,502,059		14,406,455	5,376,669	-44.11%
2037	9,169,243	130,000			9,299,243	0	-35.45%

Appropriation payments assumed to be made November 1 of each fiscal year.

Normal cost includes assumed expenses of \$850,000 and is assumed to increase 4.5% per year.

FY20 appropriation was maintained at same level as current schedule.